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PP RUEH DU RUEH MR RUEH RN
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ZNY CCCCC ZZH
P 291119Z FEB 08
FM AMEMBASSY HARARE
TO RUEHC/SECSTATE WASHDC PRIORITY 2532
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
RUEHUJA/AMEMBASSY ABUJA 1859
RUEHAR/AMEMBASSY ACCRA 1790
RUEHDS/AMEMBASSY ADDIS ABABA 1916
RUEHRL/AMEMBASSY BERLIN 0495
RUEHBY/AMEMBASSY CANBERRA 1193
RUEHDK/AMEMBASSY DAKAR 1550
RUEHKM/AMEMBASSY KAMPALA 1972
RUEHNR/AMEMBASSY NAIROBI 4403
RUEHMH/AMCONSUL MUNICH 0004
RUEAIIA/CIA WASHDC
RUEHGV/USMISSION GENEVA 1043
RHEHAAA/NSC WASHDC
RHMFISS/JOINT STAFF WASHDC
RUEHC/DEPT OF LABOR WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEFDIA/DIA WASHDC//DHO-7//
RUCPDO/DEPT OF COMMERCE WASHDC
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK//DOOC/ECMO/CC/DAO/DOB/DOI//
RUEPGBA/CDR USEUCOM INTEL VAIHINGEN GE//ECJ23-CH/ECJ5M//

C O N F I D E N T I A L SECTION 01 OF 02 HARARE 000162

SIPDIS

SIPDIS

AF/S FOR S. HILL
NSC FOR SENIOR AFRICA DIRECTOR B. PITTMAN
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN
TREASURY FOR J. RALYEA AND T.RAND
COMMERCE FOR BECKY ERKUL
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS

E.O. 12958: DECL: 02/28/2018
TAGS: [PGOV](#) [ECON](#) [ASEC](#) [ZI](#)
SUBJECT: ZIMBABWE PRINTING MONEY "AT ALL COSTS"

Classified By: CDA Katherine Dhanani for reasons 1.4 (d)

SUMMARY

11. (C) Former NMB Bank Ltd Managing Director and co-founder James Mushore told econoff on February 28 that the ability of the Government of Zimbabwe (GOZ) to print money is key to the regime's survival. In fact, it is printing Z\$24.2 trillion/day (US\$1.2 million/day at the cash parallel rate) at maximum capacity, and an equal amount of currency is being imported from the German printer Giesecke and Devrient in an attempt to buy the election at any cost. Mushore implored the USG to intercede to put pressure on the German printer to stop supplying printing paper and banknotes to the GOZ. According to Mushore, who is a nephew of General Solomon and Vice President Joyce Mujuru, the Mujurus are solidly behind Simba Makoni's presidential candidacy. Mushore and the other NMB founders fled Zimbabwe in 2004 under charges of foreign currency externalization. He was arrested upon his return to Zimbabwe in October 2007, despite safety assurances from Attorney General Gula-Ndebele. Both Mushore and Gula-Ndebele were subsequently arrested, the latter on charges of obstructing justice by meeting with Mushore, and both are awaiting trial in a politically charged case. END SUMMARY.

Printing Money "At Any Cost"

12. (C) The GOZ's ability to print money is key to the

regime's survival, according to James Mushore, former Managing Director and co-founder of NMB Bank Ltd. In a meeting with econoff on February 28, he said the GOZ was printing Z\$24.2 trillion/day in Z\$10 million notes at Reserve Bank of Zimbabwe (RBZ) owned Fidelity Printers in Harare, and purchasing 432,000 sheets of notepaper per week from the German company Giesecke and Devrient. In early February, faced with frequent power outages, RBZ Governor Gono outfitted the printer with enough power generators to ensure 24/7 production, according to Mushore. Even at maximum production, however, Fidelity was still unable to meet the RBZ's soaring demand for cash. To meet the shortfall, Mushore said the RBZ on February 5 had subcontracted the German printer to supply an equal daily amount of currency directly from Germany. Mushore said the GOZ was desperate for cash at any cost to "buy votes" and to purchase foreign exchange on the parallel market to ensure that fuel, water, electric power, goods and food were widely available in the run up to the March 29 elections.

A Plea To Intercede/Name and Shame

13. (C) Mushore asked the USG to intercede with the German government to pressure Giesecke and Devrient to stop supplying the paper and banknotes that were sustaining the regime. He said the German Ambassador had been informed of the arrangement with the German printer but he was not aware of any action she might have taken. Mushore added that detailed information about the printing operation in Germany had been provided to "The Sunday Times" of London in an

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attempt by the opposition to "name and shame," and the newspaper was considering publishing the story.

On Mushore, The Mujurus, Makoni, and His Own Arrest

14. (C) Mushore did not disclose his source, but as a nephew of General Solomon Mujuru and Vice President Joyce Mujuru, he is privy to closely-held information. He said both Mujurus were solidly behind Simba Makoni's candidacy for president, although the Vice President was concerned about losing the trappings of office. The General, whom he described as "very well, lucid, but you have to catch him at the right time) he likes his whiskey," realized that if Makoni lost, Mujuru himself was history. He said Mujuru was "looking for a sign from the people," before he came out openly for Makoni. Mushore mused about an "ideal scenario8 under which Solomon Mujuru and CIO chief Happyton Bonyongwe came out for Makoni two days before the election, insinuating Bonyongwe support for Makoni, as well. Mushore said the Makoni campaign was confident of taking all provinces except Mashonaland. Simba Makoni's personal safety was a major concern; Mushore feared Makoni risked assassination if Mugabe thought Makoni might keep him from securing over 50 percent of the vote, which he needs to win the election on the first round.

15. (C) Mushore was co-founder of NMB Bank, Zimbabwe's first indigenous-owned bank. The Bank's founders fled Zimbabwe to the UK in 2004 under charges of foreign currency externalization. When a serious case of embezzlement threatened to bring the Bank down in 2007, Mushore returned to manage the problem. Attorney General Gula-Ndebele (a man who "calls a spade a spade," according to Mushore) allegedly assured Mushore's lawyers that the banker would not be detained, but both Mushore and later Gula-Ndebele ended up arrested - Gula-Ndebele on charges of obstruction of justice related to a meeting with Mushore. Mushore was released on bail but the police are withholding his passport pending trial.

COMMENT

¶6. (C) Every indication, from the depreciation in the exchange rate this month (from Z\$6 million to Z\$20 million:US\$ for cash) to reports from the street, points to furious buying up of forex on the street by the RBZ. The GOZ is clearly worried about having enough cash on hand to "buy" this election, which no longer appears to be a slam dunk for Mugabe. END COMMENT.

DHANANI